

INDUSTRIAL

ASSURANCE.

A Paper read before the Members
of the Sheffield and District Life
Assurance Managers Fraternal
Association, on October 11, 1910.



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Industrial Life Assurance.

IN the important paper recently delivered by Mr. W. H. Aldcroft before the Sheffield and District Life Assurance Managers Association, he draws attention to the great development of the business and to the entire failure of State life assurance as it is now carried on in this country. This part of his subject is dismissed by Mr. Aldcroft in a single sentence, but we wish he had given it more consideration. The question of State insurance is very much to the fore at the present time and the general public is being alarmed by the officials of friendly societies and the like, and a few words from a recognised authority like the actuary of the Refuge would have been very well-timed.

The contrast between the unparalleled success of the general work of the Post Office and the pitiful failure of its life insurance department, would seem to indicate that in practice there are some great social needs which for the present at any rate, cannot be conquered by collective effort. Judged by the Post Office effort, the public companies writing industrial assurance certainly have nothing to fear from the State. The lack of elasticity inherent in any Government department, and the necessity for restricting the investment of the funds to less remunerative securities than those held by private life companies, are drawbacks which cripple the Post Office, and to-day it is certainly in the position of having nothing better to place before the public than the private companies are offering. The Government may have branch offices in every village, but without agents life business will never be written in any bulk. The only way in which the State could abolish the present system of house-to-house collection would be by making it compulsory for every individual to insure his own life, and to carry his premium to the nearest post office and including in this law the responsibility of parents for the insurance of their children.

Mr. Aldcroft has done a useful work in again demolishing the argument that the mortality among insured children is heavier than it is where no insurance is carried. This idea somehow survives repeated demonstrations to the contrary, so it is most desirable that occasional statements giving the real facts of the case should be published.

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Industrial Assurance.

(Paper read at a meeting of the Sheffield and District Life Assurance Managers Fraternal Association, by W. H. Aldcroft, F.I.A., Actuary to the Refuge Assurance Company.)

My presence before you to-day leads me to observe that insurance men are not disposed to accept a negative when they are soliciting for an affirmative. This is one of the most distinguishing characteristics of the field force when on the scent of new business, and it is certainly a feature of the executive of your Society in formulating their syllabus. As a result of the persistent efforts of your executive, I had no other alternative than to accept your kind invitation to submit a paper.

Now, gentlemen, my first difficulty resolved itself into the selection of an appropriate topic, notwithstanding that the subjects available for selection constitute such a long and varied series. We are all associated with that important feature of the social life of this country, industrial assurance. Some, I think a very large proportion, are also identified with life assurance in its dual representation of industrial-ordinary assurance. Recognising the customary law of control—the majority must prevail—I considered it sound policy to deal with the subject of industrial assurance

Mr. John R. Hegeman, the president of the Metropolitan Life Assurance Company of America—a great and progressive institution—reports an interview he had with an ex-member of the Legislature. He said “But hold on, what is industrial assurance, anyway?” And when it was explained to the ex-member he replied that it was a misnomer, and he further said, “I know a little of fire insurance and marine insurance, and I have heard of plate glass and fidelity insurance and a lot of others, and they explain themselves; but there is nothing in your title ‘industrial insurance’ that attaches it to human life, and your baby was dubbed with the wrong name.” The critic further said, “Why don’t you call it industrial life insurance, or life insurance for the working classes, or family insurance, then a greenhorn might guess what you mean?” The popular and generally accepted version of industrial assurance is the medium for providing a comparatively small sum of money to become payable on the decease of the life, in respect of a weekly contribution or premium.

Mathematical Graduate Equipment Rietz 11119a Spectator 50

The legal interpretation or definition is scarcely coincident with, but embraces that. In the Collecting Societies and Industrial Assurance Companies Act of 1896, an industrial assurance company is defined as a "person or body of persons, whether incorporate or unincorporate, granting assurances on any one life for a less sum than £20, as receives contributions or premiums by means of collectors at a greater distance than ten miles from the registered office or principal place of business of the society or company, at less periodical intervals than two months."

EVOLUTION OF INDUSTRIAL ASSURANCE.

To that mammoth institution controlled from Holborn Bars must be awarded, in the main, the honour for the important part which industrial assurance plays in the economic life, not only of this country, but also of America, Australia, and New Zealand. Certainly it was the pioneer institution to cater for life assurance on what is technically described as the industrial plan, and to offer to the public tables formulated on scientific data and safeguarded by an adjustment to defray the cost of administering a business where each contribution, if maintained on the records, recurs 52 times in the year—sometimes 53.

The key to success, not only in industrial assurance, but also in any enterprise, is organisation. In the conduct of an industrial assurance company, and in particular of an industrial-ordinary company, there is a tremendous scope for organisation, with such vast multitudes of details to manipulate as are symbolised by the terms new business, lapses, revivals, deaths, surrenders for cash, surrenders for free policy, policy loans, survivances, renewal notices, assignments, audit of accounts, and agency appointments. We have also interest on investments, which is naturally controlled in the investment department, and where all the various investments are now classified in harmony with the requirements of the Assurance Companies Act of 1909, and each year, in pursuance of the requirements of the statute, summarised details require to be transmitted to the Government.

It occurs to me that it might be of interest to you to mention that in the actuarial department all the risks now require to be discriminated and classified according to the requirements of the Assurance Companies Act of 1909. Of course, all whole-life policies have to be kept distinct from endowment assurances and other classes of business, and further distinction made between with and without profits. All the mortality investigations are instituted, all survival claims are dealt with, interest on policy loans, all quotations of premiums and surrenders and free policies, and a complete record of the whole of the business in force is kept in this

department by means of a card system, and these records are maintained in a condition of continuous accuracy week by week by bringing into account the new business, removing the deaths and lapses, and reintroducing the revivals. There is a vast multitude of details in the discharge of the work which does not appear on the surface, and which it is not within the province of this paper to traverse, but it just occurred to me that in reciting some of the details it would be interesting to you and afford a slight indication of what is really incurred in the administration of the chief office routine.

I think you are all well aware, from your own personal experience, of the enormous amount of detail involved in the business in which we are all engaged, and that without perfection in the machinery all would immediately become chaos and confusion. The various features to which I have referred are incident to the gradual evolution of the business. Prior to the prosecution of industrial assurance business by means of tables of benefits graduated in accordance with scientific data, the means of relief varied. In seasons of financial difficulty occasioned by death, recourse had to be made to friends for assistance. This method gave birth to a system of mutual aid which probably originated trade unions, insomuch that some schemes of mutual aid were restricted to clearly specified occupations. It is recorded that the Greeks had their "Fraternities" and the Romans their "Funeral Societies," which virtually guaranteed a respectable interment, and if the deceased left a family dependent on the mercies of the world, then some limited financial concession was voted to the family.

At various times this and kindred subjects have engaged the consideration of Parliament, and in the year 1853 a committee, appointed from the representatives in the House of Commons, recommended as a result of their investigations and deliberations, the provision of life assurance for the great masses of the community on lines parallel to those which governed the purely ordinary line companies. The sequel to this suggestion was the birth of industrial assurance through the medium of the Prudential in the following year, 1854. Then followed in various years the Refuge, Wesleyan and General, Pearl, London, Edinburgh and Glasgow, Britannic (then known as the British Workman's and General), London and Manchester and others.

DEVELOPMENT.

Let us see what has been accomplished, and whether Industrial Assurance has justified its advent. Before immediately submitting statistics to establish the case it will be of advantage to record here that prior to the introduction of the Life Assurance Companies Act of 1870 there was no obligation imposed on the executive of any Life Assurance Company to divulge any information indicating in any respect the financial position of the office, and in the generality of instances the information published was of a most meagre character. Dr. Sprague, a great actuarial authority, in Part I. of his "Life Assurance in 1872," observes "Prior to the passing of the Act of 1870 the publication of accounts by life assurance companies, although yearly becoming more general, was very far indeed from being universal. In particular, the affairs of many of the older Companies were involved in the profoundest secrecy. They withheld from the public, and until very recent years even from their own shareholders, all information as to the assets and liabilities and the amount of business transacted. This was not because their affairs would not bear examination. On the contrary, now that their accounts are published they are seen to be in a very satisfactory position, but it was a consequence of their having been established at a time when the publication of accounts was never thought of. The companies in question were content to ask the confidence and support of the public simply on the ground of the credit and high standing of the directors and other persons connected with them, neglecting, if not despising, the more certain means of securing public confidence and support which is afforded by a full publication of their accounts." He further remarks, "The greatest evil arising from this secrecy was the countenance it offered to less substantial and less respectable companies to conceal in like manner the state of their affairs; for while many of the older companies did this simply from a conservative adherence to ancient habit, there were not a few of the younger companies which while publishing such selected figures as they thought would obtain in their favour, carefully abstained from giving anything like a detailed account of receipts and expenditure, or a balance-sheet. They would thus readily state the amount of new business acquired, but would give no information as to the cost at which it had been acquired. They would state sometimes the amount of total sums assured, but not the amount of the assets they had in hand to meet their liabilities." In Part II. of "Life Assurance in 1872," Dr. Sprague makes the following observations: "Before the passing of the Act the accounts published by most of the insurance companies were mere cash

accounts of the receipts and expenditure. They were in fact mere summaries of the company's cash book, showing the actual amount of cash received under each heading. They thus included on the one side not only receipts properly so called, but sums of money received on repayment of mortgages or for the sale of securities, or as loans from the company's bankers or other persons; and on the other side payment for loans granted or securities purchased, or loans to the company's bankers repaid. This cash account was never accompanied by a balance-sheet. Sometimes there was appended to it a statement of the investments of the company; but even when this was done it was commonly the case that the total value of the investments was not stated. Thus for instance among the investments might appear £20,000 Consols without any information being given as to the cost price of the stock or of its value at the date at which the accounts are made up. It was thus impossible to compare the investments of one year with those of a preceding year, and to trace with the help of the statement of receipts and expenditure how the assets of any one year become altered to those of the next."

Statistical research has been rendered possible through the medium of section 5 of the Life Assurance Companies Act of 1870, which provides that "From and after the passing of this Act every company shall, at the expiration of each financial year of such company, prepare a statement of its revenue account for such year and of its balance-sheet at the close of such year, in the forms respectively contained in the first and second schedules to this Act." Experience is, perhaps, one of the most effective teachers—one writer made the remark that an ounce of practice was worth more than a ton of theory. So, gentlemen, it is only in the natural order of events to anticipate that an enactment forty years of age would admit of some remodelling, if only slight, to harmonise more with the modern requirements of the business. As a result, just on the eve of the dissolution of the last Liberal administration, the Royal assent was given to the Assurance Companies Bill of 1909, and now all life assurance companies, fire assurance companies, accident assurance companies, employers' liability and bond investment companies, transacting business in this country are subject to the conditions of the Act, a section of which during its transition through the committee stage possessed a great fascination for the field forces of the different companies. So far as the life assurance companies are concerned, the new Act is an improvement on its predecessor, particularly in relation to the scientific or actuarial side of the business. In the main, however, suffice it to say that in the respect in which it concerns this production there is no striking departure.

Of course, this new Act supersedes the Life Assurance Companies Act of 1870, and it will be appropriate here to mention that section 4 provides that "every assurance company shall, at the expiration of each financial year of the company, prepare—

- (a) A revenue account for the year in the form or forms set forth in the first schedule to this Act and applicable to the class or classes of assurance business carried on by the company ;
- (b) A profit and loss account in the form set forth in the second schedule to this Act, except where the company carries on assurance business of one class only and no other business ;
- (c) A balance-sheet in the form set forth in the third schedule to this Act.

I now present in parallel the requirements of the obsolete Act of 1870 and its successor the Act of 1909, only in respect as it serves the functions of this paper.

(Act of 1870.)

Revenue account of the.....for the year ending.....

Date.	£	s.	d.	Date.	£	s.	d.
Amount of funds at the beginning of the year - - - - -				Claims under policies (after deduction of sums reassured) - - - - -			
Premiums - - - - -				Surrenders - - - - -			
Consideration for annuities granted - - - - -				Annuities - - - - -			
Interest and dividends - - - - -				Commission - - - - -			
Other receipts (accounts to be specified)				Expenses of management - - - - -			
				Dividends and bonuses to shareholders (if any) - - - - -			
				Other payments (accounts to be specified) - - - - -			
				Amount of funds at the end of the year, as per second schedule - - - - -			
	£				£		

(Act of 1909.)
Revenue Account of thefor the year ending.....in respect of life assurance business.

Business within the United Kingdom.	Business out of the United Kingdom.	Total.	Business within the United Kingdom.	Business out of the United Kingdom.	Total
Amount of life assurance fund at the beginning of the year - - -			Claims under policies paid and outstanding:—		
Premiums - - - - -			By death - - - - -		
Consideration for annuities granted £ s. d.			By maturity - - - - -		
Interest, dividends and rents			Surrenders, including surrenders of bonus - - - - -		
Less Income-tax thereon - - -			Annuities - - - - -		
Other receipts (accounts to be specified) - - - - -			Bonuses in cash - - - - -		
			Bonuses in reduction of premiums		
			Commission - - - - -		
			Expenses of management - - -		
			Other payments (accounts to be specified) - - - - -		
			Amount of life assurance fund at the end of the year, as per Third Schedule - - - - -		
£			£		

In the Assurance Companies Act of 1909, Question No. 7 of the Fourth Schedule relating to life assurance companies provides :—"The liabilities of the company under life policies and annuities at the date of the valuation, showing the number of policies, the amount assured, and the amount of premiums payable annually under each class of policies, both with and without participation in profits ; and also the net liabilities and assets of the company, with the amount of surplus or deficiency. (These returns to be made in the forms annexed)." The schedule affecting the statistical part of this production is now submitted.

(Act of 1909).

Summary and Valuation of the Policies of the..... as at 19

DESCRIPTION OF TRANSACTIONS	PARTICULARS OF THE POLICIES FOR VALUATION				VALUATION			
	Number of Policies	Sums Assured and Bonuses	Office Yearly Premiums	Net Yearly Premiums	Value by the.....Table. Interest..... per cent			
					Sums Assured & Bonuses	Office Yearly Premiums	Net Yearly Premiums	
ASSURANCES.								
I. With immediate participation in profits...								
For whole term of life								
Other classes (to be specified)								
Extra premiums payable								
II With deferred participation in profits ...								
For whole term of life								
Other classes (to be specified)								
Extra premiums payable								
Total assurances, with profits ...								
III. Without participation in profits ...								
For whole term of life								
Other classes (to be specified)								
Extra premiums payable								
Total assurances, without profits...								
Total assurances, without profits...								
Total assurances...								
Deduct re-assurances (to be specified according to class in a separate statement) ...								
Net amount of assurances ...								
Adjustments, if any (to be separately specified)								
ANNUITIES ON LIVES.								
Immediate								
Other classes (to be specified)...								
Total of the results ...								

By virtue of the information reported periodically to the Government in the forms just described, we are in a position to tabulate the subjoined statistics which constitute the best evidence of the phenomenal development and great popularity of Industrial Assurance.

Year.	Existing Policies.	Existing Sums Assured.	Premium Income.
	£	£	£
1888	9,208,671	83,891,620	4,008,912
1893	13,213,554	126,797,704	5,709,691
1898	17,230,712	165,990,481	7,570,150
1903	22,518,046	221,137,641	10,265,896
1908	27,813,839	278,446,659	13,097,109

Year.	Funds.	Claims paid in Year.	Average Weekly Premium.	Average Sum Assured per Policy.
	£	£	d.	£
1888	6,202,470	1,588,174	2·01	9·11
1893	10,816,075	2,451,965	1·99	9·60
1898	16,969,333	2,912,046	2·03	9·63
1903	25,341,156	3,916,391	2·10	9·82
1908	37,783,759	5,177,337	2·17	10·01

Compare these great achievements with the results recorded through the medium of the post-office. As you will probably all know, the great success of these institutions puts the Government record into oblivion and reveals the method employed by the State as a complete failure.

After the expiration of the first decennial period it was obvious that Industrial Assurance supplied a great public need. The Government recognised this, and on the initiative of Mr. W. E. Gladstone a system of life assurance was organised to be worked through the medium of the post-office. Every post-office was constituted into an agency. Great prominence was given to this mode of thrift, and various means of attracting attention resorted to, to make it go—with the exception of the right one—with the result that it has been a dismal failure. Newspaper advertising or mere placards will not secure business. This is not only true of Industrial Assurance business, but it applies with equal force to the purely ordinary life companies. Consider those institutions which by virtue of their constitution do not pay commissions, and obviously do not employ agents. Inspect their annual returns. How very paltry and meagre the results are of those institutions, compared with the results accruing from the vigorous and up-to-date methods employed by other companies. Offices working on such conservative and antiquated lines secure little business, and are of very little importance in the affairs of the

nation; and that inestimable form of providence symbolised by Life Assurance would in all probability have been practised to only a very insignificant extent had the non-agency system been universal. Clients will not wait upon the company. Experience has demonstrated beyond the shadow of a doubt that representatives or agents are indispensable to the successful prosecution of the business, and their function—their primary function—is to wait upon the masses to explain the advantages of life assurance and to collect the premiums.

A most impressive feature in the administration of our industrial assurance companies, and which has been a factor of considerable importance in the development and success of these institutions is the ready manner in which the executives of our various companies avail themselves of their strong financial status by conceding improved benefits to the policyholders. Naturally, at the very inception, security and stability were of primary consideration and, of course, the same doctrine still holds, and will continue to be paramount. In its experimental or infantile period great caution was essential to see that the contributions were adequate to provide, not only for the dual drainage of claims and expenses of administration, but to provide also for the actuarial reserve or liability accruing under the contracts which are continued. When this feature of the business has been properly weighed by experience, and the charges were proved to be sound for the requirements of a business involving so much detail and labour, the figures previously quoted reveal the force which was then imparted to the business.

As an indication of the principle to which I have just alluded, just glance at the benefits granted 30 years ago by one of our institutions. Compare the figures with those obtaining at the present time.

INFANTILE ASSURANCE. RATES IN FORCE IN 1880.

Sums Assured for One Penny Weekly.

Amount payable if the child should die after the Policy has been issued for—

Age next
Birth day.

3 months 6 months 1 year 2 years 3 years 4 years 5 years 6 years 7 years 8 years 9 years 10 years

Age next Birth day.	3 months	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	Age next Birth day.
	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	
1	1 0	2 0	3 0	3 0	3 0	3 0	5 0	5 0	5 0	5 0	5 0	10 0	1
2	1 0	2 0	3 0	3 0	3 0	5 0	5 0	5 0	5 0	5 0	10 0		2
3	1 0	2 0	3 0	3 0	5 0	5 0	5 0	5 0	5 0	10 0			3
4	1 0	2 0	3 0	5 0	5 0	5 0	5 0	5 0	10 0				4
5	2 0	3 0	5 0	5 0	5 0	5 0	5 0	10 0					5
6	2 0	3 0	5 0	5 0	5 0	5 0	10 0						6
7	2 0	3 0	5 0	5 0	5 0	10 0							7
8	2 0	3 0	5 0	5 0	10 0								8
9	2 0	3 0	5 0	10 0									9
10	2 10	5 0	10 0										10

ADULT WHOLE LIFE ASSURANCE.

Sums Assured for One Penny weekly.					
In 1880.			In 1910.		
Age next Birthday at entry.	After 12 months.*		After 6 months.†	After 5 years.	After 10 years.
11 ...	£10	—	£10 7	£10 12	£10 17
15 ...	9 8	...	9 15	10 —	10 5
20 ...	8 3	...	8 10	8 14	8 18
25 ...	7 2	...	7 7	7 10	7 14
30 ...	6 1	...	6 6	6 9	6 12
35 ...	5 4	...	5 8	5 11	5 14
40 ...	4 8	...	4 12	4 14	4 16
45 ...	3 14	...	3 17	3 19	4 1
50 ...	3 —	...	3 3	3 5	3 6
55 ...	2 9	...	2 11	2 12	2 13
60 ...	1 18	...	2 —	2 1	2 2
65 ...	1 9	...	1 10	1 11	1 12
70 ...	1 —	...	1 2	1 3	1 4
75 ...	— 16	...	— 16	— 17	— 17
80 ...	— 12	...	— 11	— 12	— 12

* Half benefit after six months.

† Half benefit after three months

These extra benefits, supplemented by improved conditions, must materially assist the field force in their efforts to procure business, and must at the same time enhance the reputation of the offices, especially remembering the glorious past and the strong financial status of our institutions.

The predominant feature in industrial assurance which has been productive of so much admiration for this description of providence, and a factor, too, of enormous importance in the development of the business is the prompt manner in which the claims are invariably discharged by our industrial assurance companies. When an industrial assurance policy becomes a claim, it is in its expeditious operation synonymous with a demand note. While every care is exercised to safeguard the institution, there is no hair-splitting or red-tapeism in settling the claims. Companies are only too anxious to liquidate their obligations with the utmost despatch, and one striking characteristic in this connection is the very small amount of litigation, especially considering the multitude of claims settled annually. You will readily conceive there are at times cases which have to be resisted on moral grounds, but they are rare in proportion to the great number of existing contracts.

I have previously mentioned that Industrial Assurance has been investigated by Committees appointed from the House of Commons, and one phase in particular of Industrial Assurance—Infantile Assurance—has been the target for a very vigorous attack—not only in the form of a Parliamentary Inquiry, but also from sections of the public outside Westminster. We can well afford to be charitable and indulgent. Perhaps this hostility in some instances originated from conscientious dictates of public duty—the safety and proper protection of child life. In some instances the opposition was due to ignorance of the actual conditions obtaining, and in some to bias and prejudice against this form of assurance. A great social reformer—you all know the name—General Booth—in his publication “In Darkest England and the Way Out,” directs attention to the charges of child murder in order to procure the assurance money. Gentlemen, theory and practice do not always harmonise. In the establishment of the Salvation Army Assurance Company he emulated the practice of the other Industrial Offices by catering not only for adults but infants also, and so endorsing the form of assurance which had been so strongly condemned in some quarters. The Rev. Benjamin Waugh was a keen antagonist. Notwithstanding the attacks made on this form of protection—a protection so essential for the masses—Mr. T. C. Dewey, the then General Manager of the Prudential, in his evidence before a Select Committee appointed from the House of Lords in 1890 completely demolished and pulverised the theories of the alarmists. You are all, I think, familiar with the battle cry. It was that the little ones were assured for the sole purpose of procuring the assurance money—that infanticide was rampant—and that, as a sequel, the mortality prevailing among assured infants was far in excess of that prevailing among the general community. Now, Gentlemen, if the merits of a great national scheme or any other enterprise, whether it concerns religion, the financial world or the commercial world, are to be estimated or tested solely by the malpractices or abuses, then by a process of inductive logic we should arrive at the absurd conclusion that Christianity, life assurance and every commercial enterprise ought to be abolished. A few cases of infanticide have, it is sad to relate, been recorded. But what does this represent as a percentage of the whole number of assured children? We should produce probably one of those mathematical curiosities you sometimes see in the magazines, a result not zero but so near that the ordinary commercial mind would describe it as zero. Now, because of one or two instances of child murder, a number of persons would, out of sheer

ignorance, have prohibited insurance on the lives of children if they could have influenced the legislature. This in effect implies that parents who assure their little ones do it solely for some ulterior and base motive—to benefit financially by the early death of their children and that the parents would not bestow proper care on the rearing of their offspring. You know perfectly well from your own experience that it is the thrifty and self-respecting section of the community who practice the wise precaution to protect themselves against the expenses involved through the death of their little ones. Except in the most abandoned cases—cases where they are too depraved and absolutely destitute of any moral sentiment—the love of parents for their children does not admit of any class distinction. The impecunious mother who pays her penny a week to the insurance company or friendly society loves her little ones just as dearly as the wealthy mother.

Dr. Hugh R. Jones in his prize essay on “The Perils and Protection of Infant Life,” makes some very interesting observations on the subject to which I have just alluded. In the initial part he states “The question of child insurance which has been so much debated has been accorded an importance far beyond its merits; in reality it only touches the fringe of the greater subject, the protection of child life, instead of being synonymous with it, as is so loudly urged.” And in the final part of his paper he makes the following comments: “I have briefly reviewed the more important evidence existing on the subject. I have weighed as carefully as I am able all the information I have gathered. I have discussed the subject with medical men resident in districts where insurance prevails extensively, and my own conclusion is that the evils of child insurance have been unnecessarily exaggerated, and that the deaths of the children commonly attributed to insurance ought really to be ascribed to the causes we have been considering in the early part of this essay. The incentive to child neglect and child murder is not the prospective receipt of insurance money. Neglect and crime would continue even if insurance were abolished straightway. High infant mortality depends on the light estimation in which child life is held, and the careless indifference with which it is treated. Cases of neglect are more frequent into which the element of insurance does not enter than those upon which it is supposed to exercise influence.” Further: “To sum up. I repeat that in my opinion child insurance has been accorded an importance far beyond its merits. The same amount of energy directed to the suppression of an obviously preventable form of death *e.g.* suffocation in bed, might result in a greater saving of child life than would result from the total suppression of insurance. It would be as rational to interdict fire insurance because of a few cases of arson as to prohibit child insurance because of a few cases of proved infanticide.”

As I have previously remarked in this paper, the impression which prevailed was that insured children experienced an abnormal rate of mortality in comparison with the general death rate. What does Mr. Dewey's evidence demonstrate in relation to this matter? The subjoined table, which was submitted to the Committee investigating the subject in 1890, clearly established the superiority in the rate of mortality incident to assured infants.

INFANTILE MORTALITY.—AGES 0-10.

The Prudential rate is obtained from the experience of 10 years, 1879-1888. The number of policies passing under observation during that period was 9,236,920.

Ages.	Annual rate of mortality per 1,000.		
	Prudential.	Dr. Farr's English Life Table No. 3 (From Census Returns).	Carlisle Table.
*0- 1	99·46	165 59	153·90
1- 2	63·24	65·59	80·61
2- 3	32·39	36·14	64·92
3- 4	18·62	24·33	37·94
4- 5	13·48	17·92	28·72
5- 6	10·03	13·53	17·80
6- 7	7·61	10·75	12·28
7- 8	5·72	9·16	8·79
8- 9	4·89	7·69	6·58
9-10	4·28	6·57	5·08

*For the first year after birth the Prudential figures present a too avourable comparison, from the fact of the Company having no experience for the first two weeks of life. There are no means of making an absolutely accurate comparison, but eliminating the first month's deaths from Dr. Farr's English Life Table (a severe comparison) the rate is reduced from 165 per 1,000 to 108, being still 9 per 1,000 in excess of the Prudential experience.

Mr. Frederick Schooling, now the general manager and actuary of the Prudential, in a paper delivered in September, 1906, before the International Congress of Actuaries held in Berlin, incorporated the subjoined table as supplementary evidence in favour of assured infants:—

INFANTILE MORTALITY AS EXPERIENCED BY THE PRUDENTIAL ASSURANCE COMPANY.

Expected and actual Deaths.—Ages, 0-10.
Males and Females.

Year.	Deaths.	Expected Deaths.
1896	59,051	73,846
1897	58,801	74,339
1898	59,620	73,799
1899	58,502	73,810
1900	56,062	74,146
1901	53,076	73,247
1902	47,566	72,223
1903	43,773	71,609
1904	48,005	70,483
1905	40,452	69,190
Total.....	524,908	726,692

The table which I now submit, comprising both sexes, reflects the experience of the Refuge Assurance Company for the last ten years. It reveals the expected and actual deaths in respect of ages 0-10, and this experience runs parallel with the Prudential, and constitutes a further refutation of the allegations directed against this form of thrift.

INFANTILE MORTALITY AS EXPERIENCED BY THE REFUGE ASSURANCE COMPANY.

Expected and actual Deaths.—Ages, 0-10.

Year	Deaths.	Expected Deaths.
1900	13,799	15,045
1901	13,382	15,077
1902	12,652	15,211
1903	12,035	15,470
1904	13,745	15,175
1905	12,291	15,996
1906	12,695	16,586
1907	11,833	16,696
1908	12,058	16,851
1909	10,368	16,899
Total.....	124,858	159,006

These attacks have not been restricted to our domestic institutions. The companies across the Atlantic have experienced precisely the same obstacles. Life assurance prevails to a very great extent in America. You know the names of the two American giants—the Prudential and the Metropolitan. These are two institutions which have been productive of such enormous benefit to the social life of America. Now to come to the point immediately. What does the American experience reveal? Mr. John F. Dryden, the President of the Prudential Assurance Company of America, in submitting evidence to a committee on insurance of the Massachusetts Legislature, in March, 1895, stated, "Life assurance is a science; industrial assurance is a part of life assurance; it is, therefore, a science, and like other branches of science it has to deal with statistics. I know of no way of getting the light with which to guide our feet in our investigations except reliable and trustworthy statistics. A great system like industrial assurance is not established by cases of accident, but by averages; and to get averages it has to deal with vast masses of figures. You cannot go into the slums of Boston and pick out half-a-dozen cases where some alleged wrong has been done to children, and with them overthrow a system now almost universal throughout the civilised world, which has grown from the experience of many years, and is founded upon many millions of cases. We must be governed by statistics and we must heed the lesson they teach. I have some statistics to which I will ask you to listen, notwithstanding the aversion of the counsel for the petitioners, for they have a direct bearing upon the question at issue. They show the mortality experience of our Company for eleven years, compared with the mortality as shown by the English Life Table No. 3 for males and females, and also the American Life Table for white males and females; also, as compared with the census returns for thirty years compiled by Mr. Meech, an eminent American actuary. Mr. Meech is not connected with any industrial company, but he is a consulting actuary whose position ensures his freedom from all bias."

COMPARISON OF AMERICAN PRUDENTIAL EXPERIENCE WITH ENGLISH
AND AMERICAN LIFE TABLES.

Age.	Prudential Experience eleven years (1883-1893).		English Life Table No. 3, Males and Females.		American Life Table. White Males and Females census returns, 30 years experience (Meech).	
	Deaths per 1,000 exposed to risk.					
1	61.55	.....	65.59	.....	62.78
2	30.35	.....	36.14	.....	35.38
3	20.35	.....	24.33	.....	23.62
4	15.23	.....	17.92	.....	17.47
5	11.85	.....	13.53	.....	11.20
6	9.04	.....	10.75	.....	9.78
7	6.92	.....	9.16	.....	8.99
8	6.10	.....	7.69	.....	8.16
9	5.40	.....	6.57	.....	7.39

You will observe from the subjoined table exhibiting the experience of the Metropolitan Assurance Company of America, that it is in harmony with that of the Prudential of America.

DEATHS PER 1,000 AMONG CHILDREN.
U. S. Census, 1880.

Age.	Farr's Table.	General		31	Metropolitan experience.
		Population.		Cities.	
2	65.59	57.6		87.4	49.37
3	36.13	29		36.7	32.01
4	24.59	21.5		24.7	21.53
5	17.92	16.5		17.9	16.07
6	13.53	} 8.2	.....	8.9	11.61
7	10.75				9.64
8	9.18				7.94
9	7.69				6.55
10	6.56				5.47

So, Gentlemen, you will observe that the united experience of our own institutions and of the Companies operating across the Atlantic demonstrates the superiority in the vitality of assured infants when compared with that incident to the population generally, and this constitutes the best evidence it is possible to adduce against the base allegations which I have previously described.



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While on the subject of mortality it just occurs to me to mention that the law of mortality or the general death ratio of our Industrial Institutions—accepting the experience of the Refuge as an index—is that a lighter mortality prevails among lives assured under the endowment assurance plan than obtains among those lives availing themselves of the contracts payable only on decease. This is a huge subject, and would admit of a paper dealing solely with the principles involved, but I might just mention as concisely as possible, that the mortality incident to endowment assurance contracts is influenced by the term for which the contract was originally effected, that is to say, policies effected for a term of 15 years reveal a lighter mortality than policies effected for 20 years, and policies taken out for a 20 year term exhibit better results than those for 25 years, and 25 year policies show up better than 30 year policies.

In the purely Ordinary Section, that is where the premiums are payable yearly, half yearly or quarterly, endowment assurance policies reveal a lighter mortality than whole life contracts. Further, without-profit policies exhibit a heavier mortality than participating policies.

A much longer paper could be submitted, dealing with the various phases of our business, but I have restricted myself to a concise review of those features which I considered would possess a special fascination for the staff engaged in the field.

In closing, I should like to make a special appeal to all you gentlemen who control such vast numbers of men, to do your utmost to maintain the highest traditions of our business. We are all identified with excellent Institutions, each office having its own special and distinctive features, and to my mind there is nothing more dishonourable and contemptible in the conduct of our business than to denounce competitive Institutions. It is bad morally, and denunciations cannot be justified by facts. By all means use every argument and every process of logic to demonstrate and drive home the importance and necessity of life assurance when soliciting for business, but where it is a case of competition let the fight be on scrupulous and legitimate lines, and absolutely above-board. This is the only process by which real and permanent good can be accomplished. If these principles are rigidly observed, then the future will be even more glorious than the past.

